



City of Annapolis Department of Economic Affairs

Fiscal Impact Analysis on Four Opportunity Areas

Prepared by



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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	1
II. PROJECT OVERVIEW AND BACKGROUND	3
1. Background	3
2. “City Council Review Draft” of the 2009 Annapolis Comprehensive Plan	4
III. FISCAL IMPACT ANALYSIS.....	8
1. Background	8
2. Assumptions	8
<i>Table III.1 – Residential Units (all three scenarios).....</i>	<i>11</i>
<i>Table III.2 – Commercial SF (Scenario 1 – Base Case).....</i>	<i>12</i>
<i>Table III.3 – Commercial SF (Scenario 2 – 75% of Maximum Commercial Development) ...</i>	<i>12</i>
<i>Table III.4 – Commercial SF (Scenario 3 – 100% of Maximum Commercial Development) .</i>	<i>12</i>
<i>Table III.5 – Residential Unit/Commercial Square Footage Sales Prices.....</i>	<i>13</i>
<i>Figure III.1 - Population, Household and Employment Growth from 2000 to 2030.....</i>	<i>14</i>
IV. INCREMENTAL REVENUES.....	15
1. Residential Property Tax Revenues	15
<i>Table IV.1 – Cumulative Residential Annual Value (millions)</i>	<i>15</i>
<i>Table IV.2 – Cumulative Residential Property Tax Revenues</i>	<i>16</i>
2. Commercial Property Tax Revenues.....	17
<i>Table IV.3 – Cumulative Commercial Annual Value (millions)</i>	<i>17</i>
<i>Table IV.4 – Cumulative Commercial Property Tax Revenues.....</i>	<i>18</i>
3. Residential Other Revenues	18
<i>Table IV.5 – Cumulative Residential Other Revenues</i>	<i>19</i>
4. Commercial Other Revenues.....	20
<i>Table IV.6 – Cumulative Commercial Other Revenues</i>	<i>20</i>
V. INCREMENTAL EXPENSES.....	21
1. Residential Expenses	21
<i>Table V.1 – Cumulative Residential Expenses</i>	<i>22</i>
2. Commercial Expenses	23
<i>Table V.2 – Cumulative Commercial Expenses</i>	<i>23</i>
VI. INCREMENTAL REVENUES VS. INCREMENTAL EXPENSES	24
1. Residential Net Fiscal Impact.....	24
<i>Table VI.1 – Residential Net Fiscal Impact: All Scenarios.....</i>	<i>24</i>
2. Commercial Net Fiscal Impact.....	25
<i>Table VI.2 – Commercial Net Fiscal Impact: Scenario 1</i>	<i>25</i>
<i>Table VI.3 – Commercial Net Fiscal Impact: Scenario 2</i>	<i>26</i>
<i>Table VI.4 – Commercial Net Fiscal Impact: Scenario 3</i>	<i>27</i>
3. Combined Residential and Commercial Net Fiscal Impact	28
<i>Table VI.5 – Combined Residential and Commercial Net Fiscal Impact: All Scenarios.....</i>	<i>28</i>

I. EXECUTIVE SUMMARY

In late 2008, the City of Annapolis released RFP 09-10 requesting consultant services to perform “as-needed” economic/fiscal impact analysis work to assist the City Council in their consideration of special events and/or legislative actions. In January 2009, MFSG responded to the RFP and was subsequently hired by the City to conduct a very high level fiscal impact analysis of the four “Opportunity Areas” identified in the City’s Draft 2009 Comprehensive Plan. The City’s Draft Comprehensive Plan identifies these as the *West Annapolis, Bay Ridge, Forest Drive and Outer West Street Opportunity Areas*.

The primary objective of the Fiscal Impact Analysis was to identify the incremental revenues that will accrue to the City, as well as the incremental costs that the City will incur to provide municipal services within the Opportunity Areas as they are built out. Our responsibility was to quantify the incremental costs vs. the incremental revenues that would result if development were to proceed as indicated by the City. The “Public Review Draft” of the 2008 Comprehensive Plan anticipated 1,570-2,570 housing units and 1,492,000 square feet of commercial floor area within the four Opportunity Areas by 2030. These projections were further refined in the “City Council Review Draft” of the 2009 Annapolis Comprehensive Plan which anticipated that the four Opportunity Areas could accommodate up to 1,770 new residential units and 604,000 square feet of net new commercial space. A more defined estimate of new residential units (1,760) and new commercial square feet (602,000) by individual Opportunity Area was provided by Annapolis Planning staff and is used as the base case scenario in this report. This projection should not be construed as a recommended development maximum or minimum, but rather as an attempt to anticipate a buildout scenario.

The initial phase of this analysis included the development of growth scenarios for the four Opportunity Areas. We assumed current service levels, capacities and associated revenues and costs would be utilized in the study. The development scenarios evaluated in the analysis are represented by numerical projections of population, housing units, employment and commercial building area through 2030. MFSG enlisted the assistance of the City’s Planning and Zoning and Fiscal Affairs Departments in the initial development of the number of new housing units, their type (single family [SF], townhome [TH] or condominium units [CU]) and the amount of new commercial floor area (retail and office) that would be constructed within the four Opportunity Areas through 2030. Based on follow up discussions, MFSG developed two additional distinct development scenarios for inclusion in the study. The three scenarios (including the initial “base case” scenario) are defined as follows:

- **Scenario 1** - Base Case – this scenario includes 1,760 total dwelling units and 602,000 SF of net new commercial space within the four Opportunity Areas.
- **Scenario 2** - 75% of maximum commercial development – this scenario includes 1,760 total dwelling units and 1.12 million SF of new net commercial space within the four Opportunity Areas.
- **Scenario 3** - 100% of maximum commercial development – this scenario includes 1,760 total dwelling units and 1.49 million SF of new net commercial space within the four Opportunity Areas.

Overall, our results indicate a positive net fiscal impact for all three development scenarios within the four mapped Opportunity Areas for the time period from 2010 to 2030. Based on the various assumptions identified in the report, Scenario 1 (base case) is projected to produce a combined positive net fiscal impact of \$42.46 million for all four Opportunity Areas over the 20 year planning period, while Scenario 2 (75% of maximum commercial development) is projected to produce a combined positive net fiscal impact of \$50.66 million and Scenario 3 (100% of maximum commercial development) is projected to produce a combined positive net fiscal impact of \$56.72 million.

II. PROJECT OVERVIEW AND BACKGROUND

1. Background

The City of Annapolis is the capital of Maryland as well as the county seat for Anne Arundel County. Annapolis is located at the mouth of the Severn River which flows into the Chesapeake Bay. The City is 26 miles south of the City of Baltimore and 29 miles east of Washington, DC. Annapolis is part of the Baltimore-Washington Metropolitan Statistical Area. The City's 2006 population consisted of 36,408 residents and an incorporated land area of 7.6 square miles.

The City is governed by a Mayor and a City Council, with the Mayor as the presiding officer and eight Aldermen comprising the City Council. One Alderman is elected from each of the eight wards into which the City is divided and must be a resident of the ward for which they represent. The Mayor is elected at-large. The Mayor and Aldermen serve four-year terms, commencing in December of the year following a presidential election. The City Council has six standing committees: Economic Matters, Finance, Public Safety, Rules and Government, Environmental Matters and Housing and Human Welfare. The Mayor and Aldermen each have one vote. A simple majority is sufficient to pass legislature.

The City Council is called upon from time to time to enact legislation (i.e. adoption of the pending comprehensive plan) that may have long-term economic, programmatic and fiscal implications for Annapolis. The extent of these implications is not always completely known and impacts are assumed based on subjective rather than analytic criteria.

To provide an appropriate means for the City Council to better evaluate the potential “fiscal impacts” of these legislative decisions, in FY 2009 the Council budgeted funds for the Department of Economic Affairs (DEA) to obtain consultant assistance in determining the economic impact of certain legislation and special events on Annapolis. In late 2008, the City released RFP 09-10 requesting consultant services to perform “as-needed” economic impact/fiscal impact analysis work to assist the City Council in their consideration of special events and/or legislative actions.

In January 2009, MFSG responded to the RFP and was subsequently hired by the City to conduct a very high level fiscal impact analysis on the four “Opportunity Areas” identified in the City's Draft 2009 Comprehensive Plan. The City's Draft Comprehensive Plan identifies these as the ***West Annapolis, Bay Ridge, Forest Drive and Outer West Street Opportunity Areas*** which will be further described in the body of this report. The City is interested in the fiscal impact that future projected development within the four Opportunity Areas will have on the City's finances and tax base. As such, the City has requested that a fiscal impact analysis be prepared to identify the incremental revenues that will accrue to the City, as well as the incremental costs that the City will incur to provide municipal services within the Opportunity Areas as they are built out. Our responsibility was to quantify the incremental costs vs. the incremental revenues that would result if development were to proceed as indicated by the City. The proposed 2009 Comprehensive Plan is currently under review by the Annapolis City Council. The proposed Comprehensive Plan was introduced for City Council review in May and the City Council is expected to vote on adoption in September.

2. “City Council Review Draft” of the 2009 Annapolis Comprehensive Plan

The City of Annapolis has been updating its 1998 Comprehensive Plan since late 2006. In May 2009 the City released a “City Council Review Draft” of the 2009 Annapolis Comprehensive Plan for public review. Once adopted by the City Council, this Plan will serve as the primary guide for long term development within the City of Annapolis. The 2009 Comprehensive Plan is a guide for the future location, extent and character of new development within the City for the next ten years, responds to relevant State law and replaces the 1998 Comprehensive Plan. The Plan’s policies and recommendations will be implemented over time through many distinct land use decisions including rezoning, annexations, subdivision of land and the construction of public improvements. The Plan provides the policy basis for the integration and coordination of these decisions and actions.

The Draft 2009 Plan is organized around three main ideas that define the approach to planning in the next decade for the City. The three ideas are:

- Preserve and Enhance Community Character
- Maintain a Vibrant Economy
- Promote a “Green” Annapolis

The 2009 Draft Comprehensive Plan presents policy recommendations, principles and objectives in seven topical chapters. In addition to the policy recommendations, the Plan identifies major projects and geographic areas or topics warranting more study. The seven topical chapters are organized as follows:

Chapter 3 - Land Use & Economic Development
Chapter 4 - Transportation
Chapter 5 - Municipal Growth & Community Facilities
Chapter 6 - Parks
Chapter 7 - Environment
Chapter 8 - Housing
Chapter 9 - Water Resources

The Plan contains a wealth of policy goals and objectives that direct “where” new growth should be located. This is most evident within Chapter 3 - Land Use & Fiscal Development, Chapter 4 - Transportation and Chapter 5 - Municipal Growth & Community Facilities. We have identified several key land use policy objectives from these chapters that relate to the future location of new growth. To ensure accurate representation of these policy objectives, we have utilized specific language included in the Draft Plan. Perhaps most important of all policy objectives is that the Plan adheres to the guiding principle that ***“New Growth will be directed primarily to four Opportunity Areas that lie almost entirely within the current city boundary”***. Additionally, the Plan identifies three community character types to describe the desired character of future development within the designated Opportunity Areas. Each of these types distinguishes them self from traditional zoning and land use categories by focusing as much on the character and the design of buildings as on their uses. These character types are identified as

“Urban Commercial Character”, “Urban Center Character” and “Urban Center Low Character”. The Plan describes the Opportunity Areas as follows:

West Annapolis Opportunity Area

The West Annapolis Opportunity Area encompasses the intersection of Rowe Boulevard and Taylor Avenue and the commercial sections of West Annapolis along Ridgely and Melvin Avenues. The Plan recommends that the area be redeveloped in an Urban Center Low land use character. Over time, this plan envisions the consolidation of parcels and the intensification of land use primarily for professional office space and neighborhood retail. This area is mainly commercial with little residential uses. It now contains nearly 500,000 square feet of non-residential space. As direction to future master planning, this Plan anticipates that new mixed use development could yield 135,000 square feet of commercial space, of which 10,000 square feet would be a net increase, and about 110 housing units.



Bay Ridge Opportunity Area

The Plan recommends the redevelopment of the properties south of Bay Ridge Road roughly between Forest Drive and Edgewood Road into a mix of commercial and residential buildings and permanent open spaces. The focus will be on retail and office uses, although some residential development should be included. This area is mainly commercial with up to 80,000 square feet of non-residential space currently and little residential use. As direction to future master planning, this Plan anticipates that new mixed use development could yield 90,000 square feet of commercial space, of which 80,000 square feet would be a net increase, and about 70 housing units.



Forest Drive Opportunity Area

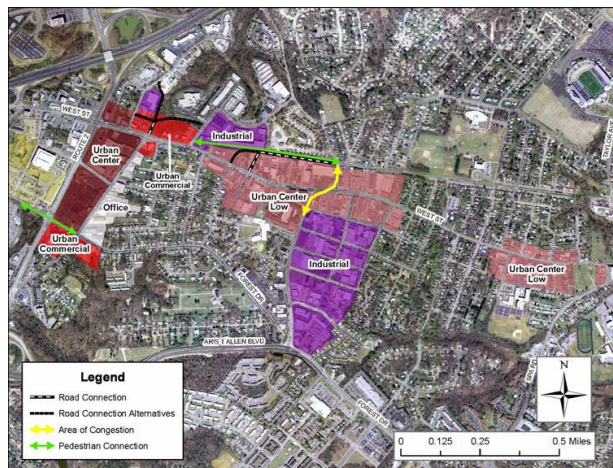
The proposal for the Forest Drive Opportunity Area should involve an integrated and coordinated mixed-use development that prioritizes maximum land conservation. Much of the Opportunity Area is proposed to maintain its natural and forested character. Approximately 75 acres of the 180-acre Katherine Property, which is in this Opportunity Area, will be preserved by a conservation easement



required as part of the annexation of this property. Development of the Katherine Property is also subject to a Master Plan to be reviewed and approved by the City in addition to being a requirement of its annexation approval. The portion closest to Forest Drive is recommended for an Urban Center Low land use character and development of office space. The development approved in this Opportunity Area should be aimed at creating a mixed-use neighborhood with retail and office uses and providing a variety of housing opportunities. This area is largely undeveloped now but does contain about 82,000 square feet of commercial space with frontage on Forest Drive and little residential use. As direction to future master planning, this Plan anticipates that new mixed use development could yield 167,000 square feet of commercial space, of which 162,000 square feet would be a net increase, and about 140 housing units.

Outer West Street Opportunity Area

The Plan recommends a transformation of the area, from an automobile oriented suburban commercial pattern to an urban character focused on residential development and commercial uses. The Plan also recommends the land presently in industrial use remain intact and fiscally viable. Urban mixed-use redevelopment is targeted to strategic points along the West Street Corridor and near the Annapolis Towne Centre at Parole. New structures may include residential and/or office space on upper floors. Alternatively, redevelopment might integrate fully-residential structures with nearby non-residential structures. This expansive area is mostly developed in auto-oriented commercial and light industrial uses. It contains about 2,500,000 square feet of non-residential space and nearly 400 housing units. As direction to future master planning, this Plan anticipates that new mixed-use development could yield 1.1 million square feet of commercial space, of which 350,000 square feet would be a net increase, and about 1,440 housing units.



Additionally, the Plan contains a variety of land use policy recommendations, several of which relate directly/indirectly to the four Opportunity Areas. Several examples of these are identified below:

- Growth will be directed primarily to four Opportunity Areas: West Annapolis; south of Bay Ridge Road near Hillsmere; along Forest Drive near its intersection with Spa Road; and Outer West Street.
- Infill development, redevelopment and expansion outside of the four defined Opportunity Areas should be consistent with the character of the surrounding community.
- Land areas devoted to light industrial and flex space will remain productive and sound for the operation of business.

- Support the expansion of professional office space such that office employment and the services provided by office based businesses are readily accessible to all residents.
- Protect and promote the neighborhood commercial retail centers in the city.
- Through land use planning and fiscal development activities, work to ensure the maintenance of the City's AA+ bond rating or better.
- Through 2030, residential and commercial growth will largely be directed to mixed use development projects in designated Opportunity Areas shown in this Plan. With one exception—the Katherine Property—these areas are presently inland intensive, but not land efficient, commercial uses.
- The development of Opportunity Areas will increase the supply of commercial space in the City, especially professional office space.
- The development of Opportunity Areas, through their layout and design, mix of uses and residential densities will promote efficient and cost-effective public transit (see Ch. 4 – Transportation).
- The redevelopment of lands in the Opportunity Areas will advance and promote ecologically sound approaches to urban development and result in improved environmental conditions.

Finally, the Draft Plan calls for modest expansion of city limits. In two locations it rationalizes the shared City-County boundary and promotes unified redevelopment projects on properties which lie on or adjacent to the City-County line. The majority of growth is planned to occur in the designated Opportunity Areas. The plan projects the overall population to grow from 35,840 in 2000 to 42,600 in 2030. This equates to a growth rate of half of a percent (0.5%) per year. The Plan allows for the annexation of two areas - land bordering Route 2 & Route 50 in the northwestern corner of the city and land bordering Bay Ridge Road along the southern boundary of the city. The City will continue to respond to individuals seeking to annex their property into the city, even if that property is located outside the two areas identified above. The City will seek coordination with Anne Arundel County as it considers all future annexation and development on annexed parcels.

III. FISCAL IMPACT ANALYSIS

1. Background

In Maryland, local land use decisions are primarily based on adopted comprehensive plans that consider multiple elements, such as existing and needed infrastructure, preservation of the environment, housing options and community character. Many well-planned projects will include a healthy mix of commercial and residential uses, promoting strong community centers. The use of fiscal impact analysis is becoming increasingly common in Maryland communities in the development of their respective comprehensive plans to assist in determination of the fiscal impact of development projects. Alternatively, fiscal impact analysis can follow the development/adoption of a comprehensive plan to investigate the fiscal impact of plan implementation, as is the case with the City of Annapolis.

In general, fiscal impact analysis estimates the operating and capital impacts of new development on the finances of a local government. The goal is to ascertain to what extent a proposed commercial, residential or mixed-use project pays for itself by comparing generated revenues with incurred costs. This type of analysis is becoming increasingly important as local governments bolster their long-range planning efforts to proactively evaluate cost of growth issues. Credible, objective fiscal impact analysis provides community stakeholders (elected officials, planning staff, proponents and opponents) with the facts needed to make informed decisions. Fiscal impact analysis measures the direct revenues produced by the new land use and the associated new employees or residents along with the cost of services the local government must provide the new employees or residents (public safety, community outreach, public works, recreation and parks, etc.). Existing infrastructure is analyzed to determine the capacity available to serve future users, and related capital improvement needs are integrated into the analysis accordingly.

If revenues are greater than expenditures, a development project or scenario is described as having a positive net fiscal impact. Should expenditures exceed revenues, a negative net fiscal impact results. And, if revenues and expenditures are equivalent, the net fiscal impact is said to be neutral. Generally, a positive impact means that the surplus generated by the proposed project or scenario will allow local tax rates (or other fees or charges) to be lowered, the level of locally funded services to be increased or a combination of the two. Conversely, a negative impact means that the deficits generated by the project or scenario will theoretically require local tax rates to be increased, the level of locally funded services to be lowered or both. A neutral impact means that there should be no project or scenario-induced changes on tax rates or locally funded services.

2. Assumptions

As a part of the overall planning process related to the City's development of the 2009 Draft Comprehensive Plan, the City has requested assistance from MFSG in determining the fiscal impact that future projected development within the four Opportunity Areas will have on the City's finances and tax base. As such, the City has requested that a fiscal impact analysis be prepared to identify the incremental revenues that will accrue for the City, as well as the

incremental costs that the City will incur to provide municipal services within the Opportunity Areas as they are built out. MFSG's responsibility was to quantify the incremental costs vs. the incremental revenues that would result if development were to proceed as indicated by the Draft 2009 Comprehensive Plan.

With fiscal impact analysis, there are two primary approaches to municipal cost allocations: average costing and marginal costing. Average costing is the simpler and more common approach. It attributes costs to new development according to average cost per unit of service in existing development multiplied by the number of units the growth is estimated to create or the demand for that unit. It does not take into account excess or deficient capacity to deliver services, and it assumes that average costs of municipal services will remain stable in the future. Alternatively, marginal costing relies on analysis of the demand and supply relationships for public services. This procedure recognizes that excess and deficient capacity exists in communities. It views growth not in a linear manner, but as a more cyclical process in terms of the impact on expenditures. Based on the desire for a "very high level" fiscal impact analysis and the overall project budget, we determined that the use of the averaging costing method is the most appropriate for the City's fiscal impact analysis.

The policy objectives listed in the previous section are intended to illustrate the level of importance the City of Annapolis has placed on directing new growth to the designated Opportunity Areas and do not necessarily represent all of the Plan's policy objectives/recommendations for the four Opportunity Areas.

The "Public Review Draft" of the 2008 Comprehensive Plan anticipated 1,570-2,570 housing units and up to 1,492,000 square feet of commercial floor area within the four Opportunity Areas by 2030. The "City Council Review Draft" of the 2009 Annapolis Comprehensive Plan further refines these projections and anticipates that the four Opportunity Areas could accommodate 1,770 new residential units and 604,000 square feet of net new commercial space. A more defined estimate of new residential units (1,760) and new commercial square feet (602,000) by individual Opportunity Area was provided by Annapolis Planning staff, as further detailed on the following page. This projection should not be construed as a recommended development maximum or minimum, but rather as an attempt to anticipate a buildout scenario.

The initial phase of this analysis included the development of growth scenarios for the four Opportunity Areas. We assumed current service levels, capacities and associated revenues and costs would be utilized in the study. The development scenarios evaluated in the analysis are represented by numerical projections of population, housing units, employment and commercial building area through 2030. MFSG enlisted the assistance of the City's Planning and Zoning and Fiscal Affairs Departments in the development of the number of new housing units, their type (single family [SF], townhome [TH] or condominium units [CU]) and the amount of new commercial floor area (retail and office) that would be constructed within the four Opportunity Areas through 2030. This initial development data is provided below:

Forest Drive Opportunity Area

- 140 dwelling units (78 SF, 31 TH and 31 CU) – All owner occupied
- 162,000 SF of commercial floor area (1/4 retail and 3/4 office)
- 2 year no build with 20 year total buildout

West Annapolis Opportunity Area

- 110 dwelling units (110 CU) – all owner occupied
- 10,000 SF of commercial (3,333 SF retail and 6,666 SF office)
- 2 year no build with 20 year total buildout

Outer West Opportunity Area

- 1440 dwelling units (1,440 CU) – 1/2 owner occupied and 1/2 rental
- 350,000 SF of commercial floor area (1/4 retail and 3/4 office)
- 2 year no build with 20 year total buildout

Bay Ridge Opportunity Area

- 70 dwelling units (70 CU) – all owner occupied
- 80,000 SF of commercial (1/2 retail and 1/2 office)
- 2 year no build with 20 year total buildout

In July, MFSG met with City of Annapolis staff to review data assumptions. Based on these conversations, it was apparent that City staff was generally in agreement with the vast majority of the base assumptions that were developed for the study. Also during that meeting, City staff indicated a need for several adjustments to the fiscal impact analysis study parameters. These adjustments included a request to add two additional development scenarios to the one previously agreed upon and a need to develop a series of assumption definitions. Based on that discussion, MFSG developed two additional distinct development scenarios for inclusion in the study. The three scenarios (including the initial “base case” scenario) are defined as follows:

- **Scenario 1** - Base Case – this scenario includes 1,760 total dwelling units and 602,000 SF of net new commercial space within the four Opportunity Areas.
- **Scenario 2** - 75% of maximum commercial development – this scenario includes 1,760 total dwelling units and 1.12 million SF of new net commercial space within the four Opportunity Areas.
- **Scenario 3** - 100% of maximum commercial development – this scenario includes 1,760 total dwelling units and 1.49 million SF of new net commercial space within the four Opportunity Areas.

It should be noted that we have considered only the net new commercial floor area for the analysis. This eliminates the potential to “double count” new commercial floor area that is replacing existing commercial floor area.

MFSG, working with the City’s Planning and Zoning staff, initially utilized the “Public Review Draft” of the 2008 Comprehensive Plan to develop household and commercial growth assumptions within the four Opportunity Areas. When the “City Council Review Draft” of the 2009 Annapolis Comprehensive Plan was released in May, we utilized the revised/refined

household and commercial growth assumptions and “assigned” the following number of new housing units, their type (single family, town home or condominium units) and the amount of new commercial floor area (retail and office) that would be constructed within the four Opportunity Areas through 2030.

The 20 year buildout periods for the three scenarios provided are assumed to be built in increments of five years. In all three scenarios, the number of residential units that will be constructed is assumed to remain the same. For example, for the 78 single family homes in Forest Drive, 16 will be built in 2011, 2015, 2019 and 2023 with the remaining 14 being built in 2027.

Using the residential unit estimates outlined above, the following residential unit assumptions have been calculated for all three scenarios:

Table III.1 – Residential Units (all three scenarios)

Net Projected Units					
	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
Owner Occupied (Units)					
Single Family (SF)					
Three Bedroom	78				78
Four Bedroom					-
Five Bedroom					-
Townhome (TH)					
Two Bedroom					-
Three Bedroom	31				31
Four Bedroom					-
Condo Unit (CU)					
One Bedroom					-
Two Bedroom	31	110	720	70	931
Three Bedroom					-
Total Owner Occupied (Units)	140	110	720	70	1,040
Rental (Units)					
Condo Unit (CU)					
One Bedroom					-
Two Bedroom			720		720
Three Bedroom					-
Total Rental (Units)	-	-	720	-	720
Total Residential (Units)	140	110	1,440	70	1,760

Using the commercial square footage estimates outlined above, the following commercial square footage assumptions have been calculated for each of the three scenarios:

Table III.2 – Commercial SF (Scenario 1 – Base Case)

	Net Square Feet				Total
	Forest Drive	West Annapolis	Outer West	Bay Ridge	
Commercial (Square Feet)					
Retail	40,500	3,333	87,500	40,000	171,333
Office	121,500	6,667	262,500	40,000	430,667
Total Commercial (Square Feet)	162,000	10,000	350,000	80,000	602,000

Table III.3 – Commercial SF (Scenario 2 – 75% of Maximum Commercial Development)

	Net Square Feet				Total
	Forest Drive	West Annapolis	Outer West	Bay Ridge	
Commercial (Square Feet)					
Retail	31,313	33,750	206,250	33,750	305,063
Office	93,938	67,500	618,750	33,750	813,938
Total Commercial (Square Feet)	125,251	101,250	825,000	67,500	1,119,001

Table III.4 – Commercial SF (Scenario 3 – 100% of Maximum Commercial Development)

	Net Square Feet				Total
	Forest Drive	West Annapolis	Outer West	Bay Ridge	
Commercial (Square Feet)					
Retail	41,750	45,000	275,000	45,000	406,750
Office	125,250	90,000	825,000	45,000	1,085,250
Total Commercial (Square Feet)	167,000	135,000	1,100,000	90,000	1,492,000

The average sales prices of each residential unit and square foot of commercial space have been estimated and provided in the table below. The residential sales prices are based on estimated sales prices within the respective Opportunity Area while the commercial square footage values are based on the average assessed value per square foot for retail and office land uses.

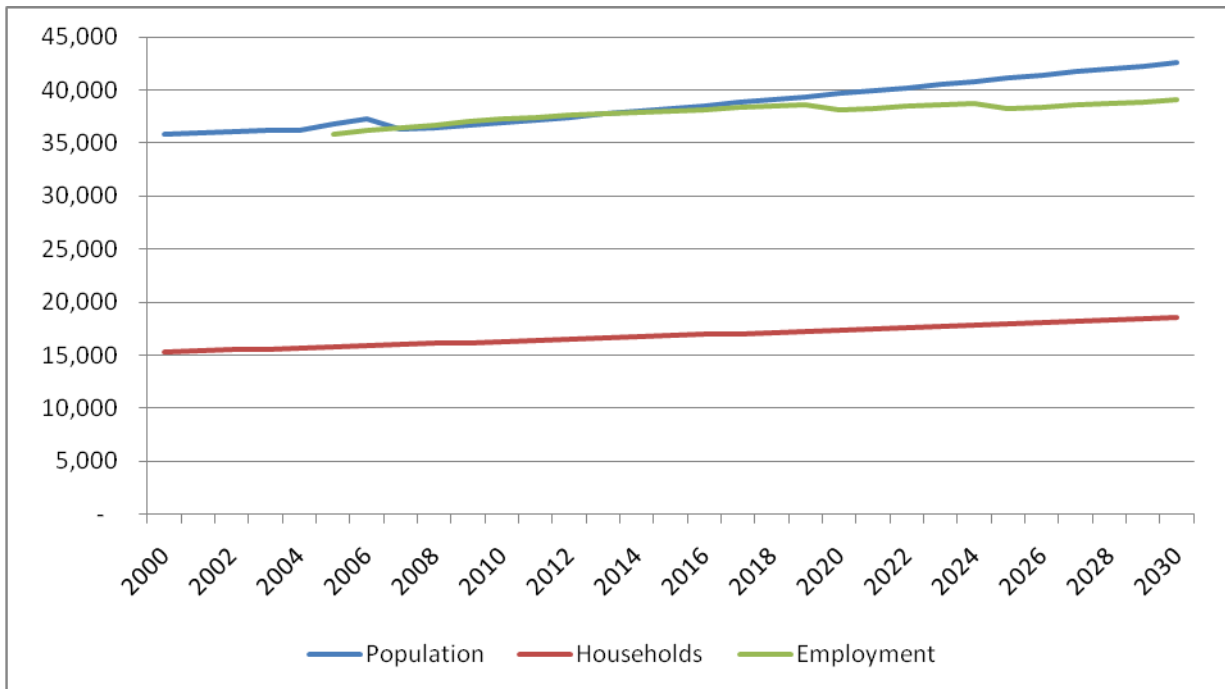
Table III.5 – Residential Unit/Commercial Square Footage Sales Prices

		2010 Sales Price				
		Forest Drive	West Annapolis	Outer West	Bay Ridge	Average
Owner Occupied (per Unit)						
Single Family (SF)						
Three Bedroom		\$ 600,000				\$ 600,000
Four Bedroom						
Five Bedroom						
Townhome (TH)						
Two Bedroom		\$ 500,000				\$ 500,000
Three Bedroom						
Four Bedroom						
Condo Unit (CU)						
One Bedroom		\$ 400,000	\$ 450,000	\$ 450,000	\$ 400,000	\$ 425,000
Two Bedroom						
Three Bedroom						
Rental (per Unit)						
Condo Unit (CU)						
One Bedroom		\$ 450,000				\$ 450,000
Two Bedroom						
Three Bedroom						
Commercial (per Square Foot)						
Retail		\$ 190.00	\$ 267.00	\$ 134.00	\$ 150.00	\$ 185.25
Office		\$ 146.00	\$ 180.00	\$ 148.00	\$ 150.00	\$ 156.00

During this phase, we also used historic and projected population data included in the City's 2008 Comprehensive Annual Financial Report and Draft 2009 Comprehensive Plan to forecast the City's residential population and number of households to 2030. The Draft Plan assumes that the City's 2000 population of 35,838 will grow to 42,600 by 2030. This equates to a total increase of 6,760 new residents or approximately 18.9% for the 2000-2030 time period, about 0.6% annually. Actual population data from 1999 to 2008 is provided in the City's 2008 CAFR and has been used for historical values. Additionally, the Draft Plan assumes the City's 2000 household number of 15,300 will grow to 18,520. This equates to a total increase of 3,220 or approximately 21%; about 0.6% annually. This reflects an annual growth rate that is comparable to the annual growth experienced between 1990 and 2007, about 0.6 percent. Annapolis is expected to continue in a slow growth mode during the period covered by this Plan.

Forecast population, household and employment growth for the period from 2000 to 2030 is shown in the figure below:

Figure III.1 - Population, Household and Employment Growth from 2000 to 2030



The chart above utilizes actual population data from 2000 to 2008 as provided in the City's 2008 CAFR, while the population data for the years from 2008 to 2030 is representative of a 0.72% annual growth rate (from 2008, 0.58% from 2000) to result in the population projected in the Draft 2009 Comprehensive Plan of 42,600. Household data within the chart above is representative of a 0.64% annual growth rate from 2000 to 2030 to result in the household projection within the Draft 2009 Comprehensive Plan of 18,520. Employment data within the chart above has been provided by Anne Arundel County and is representative of a 0.35% annual growth rate from 2005 to 2030 to result in an employment projection of 35,879 in 2005 to 37,306 in 2010 to 39,133 in 2030. Revenue, expenditure and other data is derived from several sources including the recently adopted FY 2010 Proposed Operating Budget, FY 2010 Fees Schedule and 2008 Comprehensive Annual Financial Report (CAFR) for the City.

Other assumptions include the following:

- Property tax rate (per \$100) \$0.52
- Growth rate/Appreciation rate of real property: 4.00%
- Inflation rate of expenses: 3.00%
- Average persons per unit: 2.3
- Average persons per square foot per retail use: 0.0033
- Average persons per square foot per office use: 0.0050

Average person per unit was taken from Annapolis' Comprehensive Plan while the average persons per square foot of commercial uses were derived from Annapolis' Municipal Code and Charter, Chapter 21.66.130.

IV. INCREMENTAL REVENUES

The analysis and tables provided in this section use the buildout schedule outlined in the base case, Scenario 1.

1. Residential Property Tax Revenues

Incremental real property tax revenue will be generated over time as development comes on line and is sold. Sales of residential development are assumed to begin in FY 2011. Multiplying the estimated sales prices per unit, as shown above in Table III.5, by the number of units existing as well as those sold in a particular year provides the annual value on which real property taxes can be levied. As sales prices are assumed to rise on an annual basis, they are increased by the 4.00% annual appreciation rate previously mentioned. The following table provides the cumulative value of residential real property for each of the Opportunity Areas.

Table IV.1 – Cumulative Residential Annual Value (millions)

Fiscal Year	New Units		Annual Value				
	Annual	Cumulative	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	352	352	\$ 15.00	\$ 9.90	\$ 129.60	\$ 5.60	\$ 160.10
2012	-	352	\$ 15.60	\$ 10.30	\$ 134.78	\$ 5.82	\$ 166.50
2013	-	352	\$ 16.22	\$ 10.71	\$ 140.18	\$ 6.06	\$ 173.16
2014	-	352	\$ 16.87	\$ 11.14	\$ 145.78	\$ 6.30	\$ 180.09
2015	352	704	\$ 35.10	\$ 23.16	\$ 303.23	\$ 13.10	\$ 374.59
2016	-	704	\$ 36.50	\$ 24.09	\$ 315.36	\$ 13.63	\$ 389.57
2017	-	704	\$ 37.96	\$ 25.05	\$ 327.97	\$ 14.17	\$ 405.16
2018	-	704	\$ 39.48	\$ 26.06	\$ 341.09	\$ 14.74	\$ 421.36
2019	352	1,056	\$ 61.59	\$ 40.65	\$ 532.10	\$ 22.99	\$ 657.32
2020	-	1,056	\$ 64.05	\$ 42.27	\$ 553.38	\$ 23.91	\$ 683.62
2021	-	1,056	\$ 66.61	\$ 43.96	\$ 575.52	\$ 24.87	\$ 710.96
2022	-	1,056	\$ 69.28	\$ 45.72	\$ 598.54	\$ 25.86	\$ 739.40
2023	352	1,408	\$ 96.06	\$ 63.40	\$ 829.98	\$ 35.86	\$ 1,025.30
2024	-	1,408	\$ 99.90	\$ 65.94	\$ 863.17	\$ 37.30	\$ 1,066.31
2025	-	1,408	\$ 103.90	\$ 68.57	\$ 897.70	\$ 38.79	\$ 1,108.97
2026	-	1,408	\$ 108.06	\$ 71.32	\$ 933.61	\$ 40.34	\$ 1,153.32
2027	352	1,760	\$ 139.91	\$ 92.71	\$ 1,213.69	\$ 52.44	\$ 1,498.76
2028	-	1,760	\$ 145.51	\$ 96.42	\$ 1,262.24	\$ 54.54	\$ 1,558.71
2029	-	1,760	\$ 151.33	\$ 100.28	\$ 1,312.73	\$ 56.72	\$ 1,621.06
2030	-	1,760	\$ 157.38	\$ 104.29	\$ 1,365.24	\$ 58.99	\$ 1,685.90

Multiplying the City's property tax rate by the assessable residential real property tax base (annual value above) provides the cumulative recurring real property taxes to be generated for the City as a result of the residential development projected over the 20 year planning period. This revenue is displayed in the table below. The annual property tax rate used to calculate property tax revenue is currently assumed to not change from the \$0.52 per \$100 of assessable base previously mentioned.

Table IV.2 – Cumulative Residential Property Tax Revenues

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 78,000	\$ 51,480	\$ 673,920	\$ 29,120	\$ 832,520
2012	\$ 81,120	\$ 53,539	\$ 700,877	\$ 30,285	\$ 865,821
2013	\$ 84,365	\$ 55,681	\$ 728,912	\$ 31,496	\$ 900,454
2014	\$ 87,739	\$ 57,908	\$ 758,068	\$ 32,756	\$ 936,472
2015	\$ 182,498	\$ 120,449	\$ 1,576,782	\$ 68,133	\$ 1,947,861
2016	\$ 189,798	\$ 125,267	\$ 1,639,853	\$ 70,858	\$ 2,025,776
2017	\$ 197,390	\$ 130,277	\$ 1,705,448	\$ 73,692	\$ 2,106,807
2018	\$ 205,285	\$ 135,488	\$ 1,773,665	\$ 76,640	\$ 2,191,079
2019	\$ 320,245	\$ 211,362	\$ 2,766,918	\$ 119,558	\$ 3,418,083
2020	\$ 333,055	\$ 219,816	\$ 2,877,595	\$ 124,341	\$ 3,554,807
2021	\$ 346,377	\$ 228,609	\$ 2,992,699	\$ 129,314	\$ 3,696,999
2022	\$ 360,232	\$ 237,753	\$ 3,112,407	\$ 134,487	\$ 3,844,879
2023	\$ 499,522	\$ 329,685	\$ 4,315,871	\$ 186,488	\$ 5,331,565
2024	\$ 519,503	\$ 342,872	\$ 4,488,505	\$ 193,948	\$ 5,544,828
2025	\$ 540,283	\$ 356,587	\$ 4,668,046	\$ 201,706	\$ 5,766,621
2026	\$ 561,894	\$ 370,850	\$ 4,854,767	\$ 209,774	\$ 5,997,286
2027	\$ 727,541	\$ 482,105	\$ 6,311,198	\$ 272,706	\$ 7,793,550
2028	\$ 756,642	\$ 501,390	\$ 6,563,646	\$ 283,614	\$ 8,105,292
2029	\$ 786,908	\$ 521,445	\$ 6,826,191	\$ 294,959	\$ 8,429,504
2030	\$ 818,384	\$ 542,303	\$ 7,099,239	\$ 306,757	\$ 8,766,684
Total	\$ 7,676,783	\$ 5,074,866	\$ 66,434,606	\$ 2,870,631	\$ 82,056,886

2. Commercial Property Tax Revenues

Sales of commercial development are also assumed to begin in FY 2011. Multiplying the estimated sales prices per square foot of retail and office space, as shown above in Table III.5, by the number of commercial square feet existing as well as the amount of space sold in a particular year provides the annual value on which real property taxes can be levied. Like residential sales prices, commercial sales prices are assumed to rise on an annual basis and are increased by the 4.00% annual appreciation rate. The following table provides the cumulative value of commercial real property for each of the Opportunity Areas.

Table IV.3 – Cumulative Commercial Annual Value (millions)

Fiscal Year	New Square Feet		Annual Value				
	Annual	Cumulative	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	120,400	120,400	\$ 5.09	\$ 0.42	\$ 10.12	\$ 3.60	\$ 19.22
2012	-	120,400	\$ 5.29	\$ 0.43	\$ 10.52	\$ 3.74	\$ 19.99
2013	-	120,400	\$ 5.50	\$ 0.45	\$ 10.94	\$ 3.89	\$ 20.79
2014	-	120,400	\$ 5.72	\$ 0.47	\$ 11.38	\$ 4.05	\$ 21.62
2015	120,400	240,800	\$ 11.90	\$ 0.98	\$ 23.67	\$ 8.42	\$ 44.97
2016	-	240,800	\$ 12.38	\$ 1.02	\$ 24.61	\$ 8.76	\$ 46.77
2017	-	240,800	\$ 12.87	\$ 1.06	\$ 25.60	\$ 9.11	\$ 48.64
2018	-	240,800	\$ 13.39	\$ 1.10	\$ 26.62	\$ 9.47	\$ 50.58
2019	120,400	361,200	\$ 20.88	\$ 1.72	\$ 41.53	\$ 14.78	\$ 78.91
2020	-	361,200	\$ 21.72	\$ 1.78	\$ 43.19	\$ 15.37	\$ 82.07
2021	-	361,200	\$ 22.59	\$ 1.86	\$ 44.92	\$ 15.99	\$ 85.35
2022	-	361,200	\$ 23.49	\$ 1.93	\$ 46.71	\$ 16.63	\$ 88.76
2023	120,400	481,600	\$ 32.58	\$ 2.68	\$ 64.78	\$ 23.05	\$ 123.09
2024	-	481,600	\$ 33.88	\$ 2.78	\$ 67.37	\$ 23.98	\$ 128.01
2025	-	481,600	\$ 35.23	\$ 2.90	\$ 70.06	\$ 24.94	\$ 133.13
2026	-	481,600	\$ 36.64	\$ 3.01	\$ 72.87	\$ 25.93	\$ 138.46
2027	120,400	602,000	\$ 47.64	\$ 3.91	\$ 94.73	\$ 33.71	\$ 179.99
2028	-	602,000	\$ 49.54	\$ 4.07	\$ 98.52	\$ 35.06	\$ 187.19
2029	-	602,000	\$ 51.52	\$ 4.23	\$ 102.46	\$ 36.46	\$ 194.68
2030	-	602,000	\$ 53.59	\$ 4.40	\$ 106.55	\$ 37.92	\$ 202.47

Multiplying the City's property tax rate by the assessable commercial real property tax base (annual value above) provides the cumulative recurring real property taxes to be generated for the City as a result of the commercial development projected over the 20 year planning period. This revenue is displayed in the table below.

Table IV.4 – Cumulative Commercial Property Tax Revenues

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 26,451	\$ 2,174	\$ 52,598	\$ 18,720	\$ 99,943
2012	\$ 27,509	\$ 2,261	\$ 54,702	\$ 19,469	\$ 103,941
2013	\$ 28,610	\$ 2,351	\$ 56,890	\$ 20,248	\$ 108,098
2014	\$ 29,754	\$ 2,445	\$ 59,166	\$ 21,057	\$ 112,422
2015	\$ 61,889	\$ 5,086	\$ 123,064	\$ 43,800	\$ 233,839
2016	\$ 64,364	\$ 5,289	\$ 127,987	\$ 45,551	\$ 243,192
2017	\$ 66,939	\$ 5,501	\$ 133,106	\$ 47,374	\$ 252,920
2018	\$ 69,616	\$ 5,721	\$ 138,431	\$ 49,268	\$ 263,037
2019	\$ 108,602	\$ 8,925	\$ 215,952	\$ 76,859	\$ 410,337
2020	\$ 112,946	\$ 9,282	\$ 224,590	\$ 79,933	\$ 426,751
2021	\$ 117,463	\$ 9,653	\$ 233,574	\$ 83,131	\$ 443,821
2022	\$ 122,162	\$ 10,039	\$ 242,917	\$ 86,456	\$ 461,573
2023	\$ 169,398	\$ 13,921	\$ 336,844	\$ 119,885	\$ 640,049
2024	\$ 176,174	\$ 14,478	\$ 350,318	\$ 124,681	\$ 665,651
2025	\$ 183,221	\$ 15,057	\$ 364,331	\$ 129,668	\$ 692,277
2026	\$ 190,550	\$ 15,659	\$ 378,904	\$ 134,855	\$ 719,968
2027	\$ 247,715	\$ 20,355	\$ 492,575	\$ 175,311	\$ 935,956
2028	\$ 257,623	\$ 21,169	\$ 512,278	\$ 182,323	\$ 973,394
2029	\$ 267,928	\$ 22,016	\$ 532,769	\$ 189,616	\$ 1,012,330
2030	\$ 278,645	\$ 22,897	\$ 554,080	\$ 197,201	\$ 1,052,823
Total	\$ 2,607,558	\$ 214,280	\$ 5,185,077	\$ 1,845,406	\$ 9,852,321

3. Residential Other Revenues

While real property taxes will be the major source of revenue generated for the City from projected buildout, other general fund revenues are expected such as various licenses, permits and non-enterprise fund service fees as well as increases in intergovernmental and other revenue sources.

To calculate other revenue generated by development expected in the 20 year buildout period, revenues from the City's Proposed FY 2010 Operating Budget were evaluated. Revenue items were allocated as to whether or not they were relevant and expected to be generated by proposed development within the four Opportunity Areas. Specific revenue items were also allocated as to whether they were related to residential development, commercial development or both. For revenue items that were relevant to both residential and commercial development, the allocation to residential development was allocated using the weighted average of the percent of the total City parcels (excluding Exempt) that is residential (91.34%) plus the percent of the total assessed value (excluding Exempt) that is residential (80.82%). This resulted in a residential to commercial allocation split of 86.08% to 13.92%. Real property tax revenue as outlined in the City proposed budget has not been included to avoid double counting the property tax revenues included above. All revenue items are assumed to grow by the 4.00% annual growth rate previously mentioned.

To allocate total residential revenue (other than property taxes) to the anticipated development, general fund revenues per capita were calculated by dividing each revenue source by projected population. Multiplying the general fund revenues per capita by the anticipated additional population in a given year provides cumulative other revenues to be generated for the City as a result of the planned residential development. This revenue is displayed in the table below.

Table IV.5 – Cumulative Residential Other Revenues

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 31,455	\$ 24,715	\$ 323,536	\$ 15,727	\$ 395,433
2012	\$ 32,480	\$ 25,520	\$ 334,080	\$ 16,240	\$ 408,320
2013	\$ 33,539	\$ 26,352	\$ 344,968	\$ 16,769	\$ 421,628
2014	\$ 34,632	\$ 27,211	\$ 356,211	\$ 17,316	\$ 435,369
2015	\$ 71,521	\$ 56,195	\$ 735,641	\$ 35,760	\$ 899,117
2016	\$ 73,852	\$ 58,026	\$ 759,616	\$ 36,926	\$ 928,420
2017	\$ 76,259	\$ 59,917	\$ 784,373	\$ 38,129	\$ 958,678
2018	\$ 78,744	\$ 61,870	\$ 809,937	\$ 39,372	\$ 989,923
2019	\$ 121,965	\$ 95,830	\$ 1,254,501	\$ 60,983	\$ 1,533,278
2020	\$ 125,940	\$ 98,953	\$ 1,295,386	\$ 62,970	\$ 1,583,250
2021	\$ 130,045	\$ 102,178	\$ 1,337,604	\$ 65,022	\$ 1,634,850
2022	\$ 134,283	\$ 105,508	\$ 1,381,199	\$ 67,142	\$ 1,688,132
2023	\$ 184,880	\$ 145,262	\$ 1,901,618	\$ 92,440	\$ 2,324,200
2024	\$ 190,905	\$ 149,997	\$ 1,963,594	\$ 95,452	\$ 2,399,948
2025	\$ 197,127	\$ 154,885	\$ 2,027,590	\$ 98,563	\$ 2,478,165
2026	\$ 203,551	\$ 159,933	\$ 2,093,671	\$ 101,776	\$ 2,558,932
2027	\$ 262,732	\$ 206,432	\$ 2,702,383	\$ 131,366	\$ 3,302,913
2028	\$ 271,294	\$ 213,160	\$ 2,790,457	\$ 135,647	\$ 3,410,559
2029	\$ 280,136	\$ 220,107	\$ 2,881,402	\$ 140,068	\$ 3,521,713
2030	\$ 289,266	\$ 227,281	\$ 2,975,310	\$ 144,633	\$ 3,636,490
Total	\$ 2,824,605	\$ 2,219,332	\$ 29,053,078	\$ 1,412,302	\$ 35,509,318

4. Commercial Other Revenues

To allocate total commercial revenue (other than property taxes) to the anticipated development, general fund revenues per capita were calculated by dividing each revenue source by projected employment. Multiplying the general fund revenues per employee by the anticipated additional employees expected to work within the City in a given year provides cumulative other revenues to be generated for the City as a result of the planned commercial development. This revenue is displayed in the table below.

Table IV.6 – Cumulative Commercial Other Revenues

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 26,189	\$ 1,568	\$ 56,582	\$ 11,757	\$ 96,097
2012	\$ 27,133	\$ 1,624	\$ 58,621	\$ 12,181	\$ 99,559
2013	\$ 28,111	\$ 1,683	\$ 60,733	\$ 12,620	\$ 103,146
2014	\$ 29,124	\$ 1,743	\$ 62,921	\$ 13,075	\$ 106,863
2015	\$ 60,346	\$ 3,612	\$ 130,377	\$ 27,091	\$ 221,426
2016	\$ 62,520	\$ 3,742	\$ 135,075	\$ 28,067	\$ 229,405
2017	\$ 64,773	\$ 3,877	\$ 139,942	\$ 29,079	\$ 237,671
2018	\$ 67,107	\$ 4,017	\$ 144,984	\$ 30,127	\$ 246,234
2019	\$ 104,287	\$ 6,242	\$ 225,312	\$ 46,818	\$ 382,660
2020	\$ 109,755	\$ 6,569	\$ 237,125	\$ 49,273	\$ 402,722
2021	\$ 113,710	\$ 6,806	\$ 245,669	\$ 51,048	\$ 417,233
2022	\$ 117,807	\$ 7,051	\$ 254,521	\$ 52,887	\$ 432,266
2023	\$ 162,735	\$ 9,740	\$ 351,589	\$ 73,057	\$ 597,122
2024	\$ 168,599	\$ 10,091	\$ 364,257	\$ 75,690	\$ 618,637
2025	\$ 177,501	\$ 10,624	\$ 383,489	\$ 79,686	\$ 651,300
2026	\$ 183,896	\$ 11,007	\$ 397,307	\$ 82,557	\$ 674,767
2027	\$ 238,153	\$ 14,255	\$ 514,528	\$ 106,915	\$ 873,851
2028	\$ 246,734	\$ 14,769	\$ 533,067	\$ 110,767	\$ 905,337
2029	\$ 255,624	\$ 15,301	\$ 552,274	\$ 114,758	\$ 937,958
2030	\$ 264,013	\$ 15,803	\$ 570,399	\$ 118,525	\$ 968,741
Total	\$ 2,508,118	\$ 150,126	\$ 5,418,772	\$ 1,125,979	\$ 9,202,994

V. INCREMENTAL EXPENSES

The analysis and tables provided in this section also use the buildout schedule outlined in the base case, Scenario 1.

1. Residential Expenses

Expenses generated by new development within the four Opportunity Areas are calculated in the same manner as other revenues above. To calculate expenses generated by development expected in the 20 year buildout period, the operating expenses from the City's Proposed FY 2010 Operating Budget were evaluated. Expenses items were allocated as to whether or not they were relevant and expected to be incurred by proposed development within the four Opportunity Areas. Specific expense items were also allocated as to whether they were related to residential development, commercial development or both. For expense items that were relevant to both residential and commercial development, the residential to commercial allocation split of 86.08% to 13.92% was utilized. All expense items are assumed to increase by the 3.00% annual inflation rate previously mentioned (with the exception of 2011 which is using a 0.00% inflation rate).

To allocate total residential expenses to the anticipated development, general fund expenses per capita were calculated by dividing each expense item by projected population. Multiplying the general fund expenses per capita by the anticipated additional population in a given year provides cumulative expenses to be generated for the City as a result of the planned residential development. These expenses are displayed in the table below.

Table V.1 – Cumulative Residential Expenses

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 85,318	\$ 67,036	\$ 877,560	\$ 42,659	\$ 1,072,574
2012	\$ 87,252	\$ 68,555	\$ 897,448	\$ 43,626	\$ 1,096,881
2013	\$ 89,229	\$ 70,109	\$ 917,786	\$ 44,615	\$ 1,121,739
2014	\$ 91,251	\$ 71,698	\$ 938,586	\$ 45,626	\$ 1,147,160
2015	\$ 186,639	\$ 146,645	\$ 1,919,713	\$ 93,319	\$ 2,346,316
2016	\$ 190,868	\$ 149,968	\$ 1,963,218	\$ 95,434	\$ 2,399,489
2017	\$ 195,194	\$ 153,367	\$ 2,007,709	\$ 97,597	\$ 2,453,867
2018	\$ 199,618	\$ 156,842	\$ 2,053,209	\$ 99,809	\$ 2,509,478
2019	\$ 306,212	\$ 240,595	\$ 3,149,610	\$ 153,106	\$ 3,849,523
2020	\$ 313,152	\$ 246,048	\$ 3,220,988	\$ 156,576	\$ 3,936,763
2021	\$ 320,248	\$ 251,624	\$ 3,293,983	\$ 160,124	\$ 4,025,979
2022	\$ 327,506	\$ 257,326	\$ 3,368,633	\$ 163,753	\$ 4,117,218
2023	\$ 446,571	\$ 350,877	\$ 4,593,299	\$ 223,285	\$ 5,614,032
2024	\$ 456,691	\$ 358,829	\$ 4,697,394	\$ 228,346	\$ 5,741,259
2025	\$ 467,041	\$ 366,961	\$ 4,803,849	\$ 233,520	\$ 5,871,370
2026	\$ 477,625	\$ 375,277	\$ 4,912,715	\$ 238,813	\$ 6,004,430
2027	\$ 610,562	\$ 479,727	\$ 6,280,062	\$ 305,281	\$ 7,675,631
2028	\$ 624,398	\$ 490,599	\$ 6,422,384	\$ 312,199	\$ 7,849,580
2029	\$ 638,549	\$ 501,717	\$ 6,567,930	\$ 319,274	\$ 8,027,470
2030	\$ 653,020	\$ 513,087	\$ 6,716,776	\$ 326,510	\$ 8,209,393
Total	\$ 6,766,944	\$ 5,316,884	\$ 69,602,851	\$ 3,383,472	\$ 85,070,152

2. Commercial Expenses

To allocate total commercial expenses to the anticipated development, general fund expenses per capita were calculated by dividing each expense item by projected employment. Multiplying the general fund expenses per employee by the anticipated additional employees expected to work within the City in a given year provides cumulative expenses to be incurred by the City as a result of the planned commercial development. These expenses are displayed in the table below.

Table V.2 – Cumulative Commercial Expenses

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 29,345	\$ 1,756	\$ 63,399	\$ 13,174	\$ 107,675
2012	\$ 30,110	\$ 1,802	\$ 65,052	\$ 13,517	\$ 110,482
2013	\$ 30,895	\$ 1,849	\$ 66,748	\$ 13,870	\$ 113,362
2014	\$ 31,700	\$ 1,897	\$ 68,488	\$ 14,231	\$ 116,317
2015	\$ 65,053	\$ 3,894	\$ 140,547	\$ 29,205	\$ 238,699
2016	\$ 66,749	\$ 3,995	\$ 144,211	\$ 29,966	\$ 244,922
2017	\$ 68,489	\$ 4,099	\$ 147,971	\$ 30,747	\$ 251,307
2018	\$ 70,275	\$ 4,206	\$ 151,828	\$ 31,549	\$ 257,858
2019	\$ 108,160	\$ 6,474	\$ 233,680	\$ 48,557	\$ 396,871
2020	\$ 112,737	\$ 6,748	\$ 243,567	\$ 50,611	\$ 413,662
2021	\$ 115,676	\$ 6,924	\$ 249,916	\$ 51,931	\$ 424,446
2022	\$ 118,691	\$ 7,104	\$ 256,431	\$ 53,284	\$ 435,511
2023	\$ 162,380	\$ 9,719	\$ 350,822	\$ 72,898	\$ 595,820
2024	\$ 166,614	\$ 9,973	\$ 359,968	\$ 74,799	\$ 611,353
2025	\$ 173,724	\$ 10,398	\$ 375,330	\$ 77,991	\$ 637,442
2026	\$ 178,253	\$ 10,669	\$ 385,114	\$ 80,024	\$ 654,060
2027	\$ 228,625	\$ 13,685	\$ 493,943	\$ 102,637	\$ 838,890
2028	\$ 234,585	\$ 14,042	\$ 506,820	\$ 105,313	\$ 860,760
2029	\$ 240,701	\$ 14,408	\$ 520,032	\$ 108,059	\$ 883,199
2030	\$ 246,210	\$ 14,738	\$ 531,935	\$ 110,532	\$ 903,414
Total	\$ 2,478,972	\$ 148,381	\$ 5,355,803	\$ 1,112,894	\$ 9,096,049

VI. INCREMENTAL REVENUES VS. INCREMENTAL EXPENSES

The analysis and tables provided in this section examine all three buildout schedules outlined earlier in this report. As the residential buildout schedule remains unchanged for all three scenarios, the residential net fiscal impact has been described only once below to avoid any duplicate effort. As the commercial buildout schedule varies for each of the three scenarios, each scenario has its own net fiscal impact. This section provides the net fiscal impact derived by subtracting incremental expenses from incremental revenues.

1. Residential Net Fiscal Impact

Under all three scenarios, 1,760 total dwelling units are projected over the 20 year planning period within the four Opportunity Areas. The residential net fiscal impact under all three scenarios is provided in the table below for the four Opportunity Areas:

Table VI.1 – Residential Net Fiscal Impact: All Scenarios

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 24,136	\$ 9,159	\$ 119,895	\$ 2,188	\$ 155,379
2012	\$ 26,348	\$ 10,504	\$ 137,509	\$ 2,899	\$ 177,260
2013	\$ 28,674	\$ 11,924	\$ 156,094	\$ 3,651	\$ 200,342
2014	\$ 31,120	\$ 13,421	\$ 175,694	\$ 4,446	\$ 224,681
2015	\$ 67,380	\$ 29,999	\$ 392,710	\$ 10,574	\$ 500,662
2016	\$ 72,781	\$ 33,325	\$ 436,252	\$ 12,349	\$ 554,707
2017	\$ 78,454	\$ 36,828	\$ 482,111	\$ 14,224	\$ 611,618
2018	\$ 84,412	\$ 40,516	\$ 530,393	\$ 16,203	\$ 671,524
2019	\$ 135,998	\$ 66,597	\$ 871,809	\$ 27,435	\$ 1,101,839
2020	\$ 145,844	\$ 72,722	\$ 951,994	\$ 30,735	\$ 1,201,294
2021	\$ 156,174	\$ 79,163	\$ 1,036,320	\$ 34,212	\$ 1,305,870
2022	\$ 167,009	\$ 85,935	\$ 1,124,973	\$ 37,875	\$ 1,415,793
2023	\$ 237,831	\$ 124,070	\$ 1,624,190	\$ 55,643	\$ 2,041,733
2024	\$ 253,717	\$ 134,040	\$ 1,754,705	\$ 61,055	\$ 2,203,517
2025	\$ 270,369	\$ 144,512	\$ 1,891,787	\$ 66,749	\$ 2,373,416
2026	\$ 287,821	\$ 155,507	\$ 2,035,723	\$ 72,737	\$ 2,551,788
2027	\$ 379,711	\$ 208,810	\$ 2,733,519	\$ 98,791	\$ 3,420,832
2028	\$ 403,539	\$ 223,951	\$ 2,931,719	\$ 107,062	\$ 3,666,271
2029	\$ 428,496	\$ 239,835	\$ 3,139,663	\$ 115,753	\$ 3,923,746
2030	\$ 454,631	\$ 256,497	\$ 3,357,773	\$ 124,880	\$ 4,193,781
Total	\$ 3,734,444	\$ 1,977,314	\$ 25,884,833	\$ 899,462	\$ 32,496,053

2. Commercial Net Fiscal Impact

Unlike the buildout for residential development, the buildout for commercial development is different for each of the three scenarios. Under Scenario 1, the base case, 602,000 SF of net new commercial space are projected over the 20 year planning period within the four Opportunity Areas. The commercial net fiscal impact under Scenario 1 is provided in the table below for the four Opportunity Areas:

Table VI.2 – Commercial Net Fiscal Impact: Scenario 1

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 23,296	\$ 1,985	\$ 45,781	\$ 17,303	\$ 88,365
2012	\$ 24,533	\$ 2,083	\$ 48,271	\$ 18,132	\$ 93,018
2013	\$ 25,826	\$ 2,184	\$ 50,875	\$ 18,998	\$ 97,883
2014	\$ 27,178	\$ 2,291	\$ 53,599	\$ 19,901	\$ 102,968
2015	\$ 57,181	\$ 4,804	\$ 112,894	\$ 41,686	\$ 216,566
2016	\$ 60,135	\$ 5,036	\$ 118,851	\$ 43,653	\$ 227,675
2017	\$ 63,223	\$ 5,279	\$ 125,077	\$ 45,705	\$ 239,284
2018	\$ 66,448	\$ 5,531	\$ 131,586	\$ 47,846	\$ 251,413
2019	\$ 104,729	\$ 8,693	\$ 207,584	\$ 75,120	\$ 396,126
2020	\$ 109,964	\$ 9,103	\$ 218,148	\$ 78,595	\$ 415,811
2021	\$ 115,498	\$ 9,535	\$ 229,326	\$ 82,248	\$ 436,607
2022	\$ 121,278	\$ 9,986	\$ 241,006	\$ 86,059	\$ 458,328
2023	\$ 169,753	\$ 13,942	\$ 337,611	\$ 120,045	\$ 641,350
2024	\$ 178,159	\$ 14,597	\$ 354,607	\$ 125,572	\$ 672,935
2025	\$ 186,997	\$ 15,283	\$ 372,490	\$ 131,363	\$ 706,134
2026	\$ 196,193	\$ 15,997	\$ 391,097	\$ 137,388	\$ 740,675
2027	\$ 257,243	\$ 20,926	\$ 513,161	\$ 179,588	\$ 970,917
2028	\$ 269,772	\$ 21,897	\$ 538,526	\$ 187,778	\$ 1,017,972
2029	\$ 282,852	\$ 22,910	\$ 565,012	\$ 196,316	\$ 1,067,089
2030	\$ 296,449	\$ 23,963	\$ 592,545	\$ 205,194	\$ 1,118,150
Total	\$ 2,636,704	\$ 216,025	\$ 5,248,047	\$ 1,858,490	\$ 9,959,266

Under Scenario 2, which is based on 75% of maximum development, 1.12 million SF of net new commercial space are projected over the 20 year planning period within the four Opportunity Areas. The commercial net fiscal impact under Scenario 2 is provided in the table below for the four Opportunity Areas:

Table VI.3 – Commercial Net Fiscal Impact: Scenario 2

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 18,012	\$ 20,095	\$ 107,912	\$ 14,600	\$ 160,619
2012	\$ 18,968	\$ 21,084	\$ 113,781	\$ 15,299	\$ 169,132
2013	\$ 19,968	\$ 22,116	\$ 119,920	\$ 16,029	\$ 178,033
2014	\$ 21,013	\$ 23,194	\$ 126,340	\$ 16,791	\$ 187,339
2015	\$ 44,212	\$ 48,639	\$ 266,108	\$ 35,173	\$ 394,131
2016	\$ 46,496	\$ 50,989	\$ 280,148	\$ 36,832	\$ 414,464
2017	\$ 48,882	\$ 53,441	\$ 294,825	\$ 38,564	\$ 435,713
2018	\$ 51,377	\$ 56,001	\$ 310,168	\$ 40,370	\$ 457,916
2019	\$ 80,974	\$ 88,010	\$ 489,306	\$ 63,383	\$ 721,673
2020	\$ 85,022	\$ 92,164	\$ 514,207	\$ 66,314	\$ 757,708
2021	\$ 89,301	\$ 96,539	\$ 540,555	\$ 69,397	\$ 795,791
2022	\$ 93,770	\$ 101,104	\$ 568,085	\$ 72,612	\$ 835,570
2023	\$ 131,250	\$ 141,155	\$ 795,797	\$ 101,288	\$ 1,169,490
2024	\$ 137,749	\$ 147,781	\$ 835,860	\$ 105,951	\$ 1,227,341
2025	\$ 144,583	\$ 154,730	\$ 878,013	\$ 110,838	\$ 1,288,163
2026	\$ 151,693	\$ 161,959	\$ 921,870	\$ 115,921	\$ 1,351,443
2027	\$ 198,888	\$ 211,875	\$ 1,209,593	\$ 151,528	\$ 1,771,883
2028	\$ 208,575	\$ 221,707	\$ 1,269,382	\$ 158,437	\$ 1,858,102
2029	\$ 218,688	\$ 231,962	\$ 1,331,813	\$ 165,642	\$ 1,948,105
2030	\$ 229,201	\$ 242,625	\$ 1,396,713	\$ 173,132	\$ 2,041,671
Total	\$ 2,038,621	\$ 2,187,169	\$ 12,370,397	\$ 1,568,101	\$ 18,164,288

Under Scenario 3, which is based on 100% of maximum development, 1.49 million SF of net new commercial space are projected over the 20 year planning period within the four Opportunity Areas. The commercial net fiscal impact under Scenario 3 is provided in the table below for the four Opportunity Areas:

Table VI.4 – Commercial Net Fiscal Impact: Scenario 3

Fiscal Year	Forest Drive	West Annapolis	Outer West	Bay Ridge	Total
2011	\$ 24,015	\$ 26,794	\$ 143,882	\$ 19,466	\$ 214,158
2012	\$ 25,290	\$ 28,112	\$ 151,708	\$ 20,399	\$ 225,508
2013	\$ 26,623	\$ 29,488	\$ 159,893	\$ 21,372	\$ 237,376
2014	\$ 28,016	\$ 30,925	\$ 168,453	\$ 22,388	\$ 249,784
2015	\$ 58,946	\$ 64,852	\$ 354,811	\$ 46,897	\$ 525,506
2016	\$ 61,991	\$ 67,985	\$ 373,530	\$ 49,110	\$ 552,616
2017	\$ 65,174	\$ 71,255	\$ 393,101	\$ 51,418	\$ 580,948
2018	\$ 68,499	\$ 74,668	\$ 413,557	\$ 53,827	\$ 610,552
2019	\$ 107,961	\$ 117,347	\$ 652,408	\$ 84,510	\$ 962,226
2020	\$ 113,358	\$ 122,886	\$ 685,609	\$ 88,419	\$ 1,010,272
2021	\$ 119,062	\$ 128,718	\$ 720,740	\$ 92,529	\$ 1,061,050
2022	\$ 125,021	\$ 134,805	\$ 757,447	\$ 96,816	\$ 1,114,088
2023	\$ 174,992	\$ 188,207	\$ 1,061,063	\$ 135,050	\$ 1,559,312
2024	\$ 183,658	\$ 197,041	\$ 1,114,480	\$ 141,268	\$ 1,636,447
2025	\$ 192,769	\$ 206,306	\$ 1,170,684	\$ 147,784	\$ 1,717,543
2026	\$ 202,248	\$ 215,945	\$ 1,229,161	\$ 154,562	\$ 1,801,916
2027	\$ 265,182	\$ 282,499	\$ 1,612,790	\$ 202,037	\$ 2,362,509
2028	\$ 278,098	\$ 295,609	\$ 1,692,510	\$ 211,250	\$ 2,477,467
2029	\$ 291,581	\$ 309,283	\$ 1,775,751	\$ 220,856	\$ 2,597,471
2030	\$ 305,598	\$ 323,499	\$ 1,862,284	\$ 230,843	\$ 2,722,225
Total	\$ 2,718,084	\$ 2,916,226	\$ 16,493,863	\$ 2,090,802	\$ 24,218,974

3. Combined Residential and Commercial Net Fiscal Impact

As can be seen from the three scenarios above, the greater the amount of commercial buildout that is projected over the 20 year planning period, the greater the net fiscal impact, as revenues are greater than expenses on a per unit basis every year. Increasing the total quantity of development only increases the net fiscal impact. The combined residential and commercial net fiscal impact for all three scenarios is provided in the table below for the total of all four Opportunity Areas:

Table VI.5 – Combined Residential and Commercial Net Fiscal Impact: All Scenarios

Fiscal Year	Scenario 1 Total	Scenario 2 Total	Scenario 3 Total
Res Units	1,760	1,760	1,760
Com SF	602,000	1.12 million	1.49 million
2011	\$ 243,744	\$ 315,998	\$ 369,536
2012	\$ 270,278	\$ 346,392	\$ 402,768
2013	\$ 298,225	\$ 378,376	\$ 437,719
2014	\$ 327,649	\$ 412,019	\$ 474,464
2015	\$ 717,229	\$ 894,794	\$ 1,026,168
2016	\$ 782,382	\$ 969,171	\$ 1,107,323
2017	\$ 850,902	\$ 1,047,331	\$ 1,192,566
2018	\$ 922,937	\$ 1,129,441	\$ 1,282,076
2019	\$ 1,497,965	\$ 1,823,511	\$ 2,064,064
2020	\$ 1,617,104	\$ 1,959,002	\$ 2,211,566
2021	\$ 1,742,477	\$ 2,101,661	\$ 2,366,919
2022	\$ 1,874,121	\$ 2,251,363	\$ 2,529,881
2023	\$ 2,683,084	\$ 3,211,223	\$ 3,601,045
2024	\$ 2,876,452	\$ 3,430,858	\$ 3,839,964
2025	\$ 3,079,550	\$ 3,661,580	\$ 4,090,959
2026	\$ 3,292,462	\$ 3,903,231	\$ 4,353,703
2027	\$ 4,391,749	\$ 5,192,715	\$ 5,783,341
2028	\$ 4,684,243	\$ 5,524,373	\$ 6,143,738
2029	\$ 4,990,835	\$ 5,871,851	\$ 6,521,217
2030	\$ 5,311,931	\$ 6,235,452	\$ 6,916,006
Total	\$ 42,455,319	\$ 50,660,341	\$ 56,715,027

Based on the various assumptions identified in the report, Scenario 1 (base case) is projected to produce a combined positive net fiscal impact of \$42.46 million for all four Opportunity Areas over the 20 year planning period, while Scenario 2 (75% of maximum commercial development) is projected to produce a combined positive net fiscal impact of \$50.66 million and Scenario 3 (100% of maximum commercial development) is projected to produce a combined positive net fiscal impact of \$56.72 million.